



REMARKS

In the Office Action dated September 12, 2000, the Examiner rejects claims 1, 8-9, and 13-14 as anticipated by Braddock, III (U.S. Patent No. 4,412,287), rejects claims 2-3 and 10-11 as obvious over Braddock, III in view of Perg et al. (U.S. Patent No. 5,237,500), and rejects claims 4-7 and 12 over Braddock, III in view of Perg et al. and Stein et al. (U.S. Patent No. 5,826,241). These rejections are respectfully traversed and reconsideration is requested as explained below.

The applicants have added new claims 15-42 to more particularly claim the invention. The new claims are supported, among other places, at pages 2, 4-5, 11, and 13-18 of the specification. No new matter has been added.

The Examiner rejects claims 1, 8-9, and 13-14 as anticipated by Braddock, III. The Examiner states that Braddock, III teaches the limitations of the applicants' independent claims, citing Braddock, III at Col. 7, lines 13-36 and Col. 6, lines 37-47. This rejection is respectfully traversed.

Braddock III discloses a computer-facilitated stock exchange system. The system allows the entry of, records, and electronically executes stock transactions for sellers and buyers of stock. Under certain circumstances, the stock exchange system causes the market price for a stock to be raised or lowered. The system allows for intervention by a human Regulator to control trading in any stock. *See* Braddock, III, Col. 3, lines 57-62.

Unlike the stock exchange system disclosed in Braddock, III, the applicants' system itself actively participates in the market as a trader, through the use of, for example, a virtual specialist

program and for the purpose of, for example, reducing price volatility and providing market stability by automatically generating appropriate buy or sell orders to offset or partially offset stock price movement beyond a certain threshold level. *See e.g.* application, page 4, lines 5-6; page 13, lines 17-20; page 14, lines 20-24; page 15, lines 1-2 and lines 11-12; and, page 16, lines 5-7. To actively trade in the market, the system may generate electronic currency with which to execute buy and/or sell orders. *See e.g.* application, page 2, lines 14-15; page 15, lines 22-23.

The system disclosed in Braddock, III, in contrast with the applicants' system, does not actively participate in the market as a trader, nor does it generate electronic currency to execute orders. Rather, the system in Braddock, III executes trades between users of the system utilizing information stored in the system reflecting existing user funds and/or assets.

The Examiner cites Braddock, III, Col. 6, lines 37-47 in support of the statement that Braddock, III teaches "generating/means for generating an electronic currency. . . crediting/means for crediting a first trader's account . . . debiting a second trader's" Braddock, III reads, however, at Col. 6, lines 37-40, "[t]here are various methods of clearing the stock from the selling customer's account to buying customer's account *and the money from the second account to the first.*" (Emphasis added). The remainder of the passage discloses a preferred embodiment in which a transaction between a buyer and a seller is accomplished by recording the single transaction in two parts, one between the buyer and the system and the other between the seller and the system, the net effect of which is to accomplish the transaction between the buyer and the seller. Thus, the recorded interactions with the system are merely to effect the transaction between the buyer and the

seller, including debiting existing funds in the buyer's account and crediting the seller's account, to transfer an existing account balance from the buyer to the seller.

The above construction is further supported by Braddock, III, at Col. 18, lines 7-12, which reads, "[b]efore acceptance of an order the system determines whether a customer exists and if he exists whether he has sufficient funds or certificates in his account to cover the trades."

Additional support is found in Braddock, III, at Col. 29, lines 12-14, reading, "... the customer's instantaneous balance account is checked to insure that he has adequate funds and adequate stock to complete the transaction."

The system in Braddock, III executes user transactions by utilizing and modifying information contained in the system reflecting existing user funds and assets. That system does not generate electronic currency to execute buy and sell orders. Furthermore, the system in Braddock, III does not automatically generate buy orders or sell orders, but only, at most, automatically executes buy orders and sell orders generated by users of the system.

For at least the above reasons, Braddock, III does not teach or suggest, as claimed by the applicants, generating an electronic currency to execute buy and sell orders, nor does Braddock, III teach or suggest, as claimed by the applicants, automatically generating buy or sell orders. For at least these reasons, independent claims 1, 9 and 14 are patentable over the cited art. Furthermore, dependent claims 8 and 13, which depend either directly or indirectly from and further limit claims 1 and 9, are also patentable. Therefore, claims 1, 8-9, and 13-14 are patentable over the cited art, and the applicants respectfully request that the Examiner withdraw the rejection and allow the claims.

The Examiner rejects claims 2-3 and 10-11 as obvious over Braddock, III in view of Perg et al. The Examiner states that Braddock, III does not teach, but Perg et al. teaches, "Hollywood dollars" and exchanging/means for exchanging the Hollywood dollars in a trader's account for actual currency. Specifically, the Examiner states that Perg et al. teaches "constant dollar financial instruments," which the Examiner interprets as "Hollywood dollars," and that it would have been obvious to one skilled in the art to exchange the Hollywood dollars in a trader's account for a desired currency. This rejection is respectfully traversed.

Perg et al. discloses a data processing system and method for converting "constant dollar financial instruments" into equivalent nominal dollar instruments. Nominal dollars are defined as the dollars of ordinary commerce, which have a constant face value, such as a one dollar bill. Constant dollars are defined as dollars having constant purchasing power as opposed to constant face value, and are calculated by adjusting nominal dollars to eliminate the impact of inflation on the purchasing power of the dollar. *See* Perg et al., Col. 1, lines 30-31 and lines 35-37. As described above, Braddock, III does not teach or suggest, as claimed by the applicants, generating an electronic currency to execute buy and sell orders, nor does Braddock, III teach or suggest, as claimed by the applicants, automatically generating buy or sell orders. Perg et al., which is directed to a data processing system for converting nominal dollars to constant value dollars, does not teach or suggest, alone or in combination with any of the other cited art, these missing features. For at least these reasons, neither Braddock, III nor Perg et al., alone or in combination, teach or suggest the invention as claimed by the applicants, and claims 1 and 9 are not obvious thereover. Therefore, claims 1 and 9 are patentable over the cited art. Furthermore, claims 2-3 and 10-11,

which depend either directly or indirectly from claims 1 and 9 and recite additional features therefor, are also patentable.

Additionally and independently, neither Braddock, III nor Perg et al., alone or in combination, teach or suggest Hollywood dollars. Hollywood dollars, unlike the constant dollars disclosed in Perg et al., are not defined as having a constant purchasing power, nor are Hollywood dollars defined as being calculated by adjusting nominal dollars to eliminate the impact of inflation on the purchasing power of the dollar. Therefore, claims 2-3 and 10-11 are patentable over the cited art.

For at least the reasons stated above, claims 2-3 and 10-11 are patentable over the cited art. Therefore, the applicants respectfully request that the Examiner withdraw the rejection and allow the claims.

The Examiner rejects claims 4-7 and 12 over Braddock, III in view of Perg et al. and Stein et al. The Examiner states that neither Braddock, III nor Perg et al. teach exchange, via a secured communication and at a Web site, of Hollywood dollars for goods or services. The Examiner further states that Stein et al. teaches exchange over the Internet, and that it would be obvious to one skilled in the art to utilize a Web site and secure communication for the exchange. This rejection is respectfully traversed.

Stein et al. discloses a system for enabling payment via the Internet. As discussed above, Neither Braddock, III nor Perg et al., alone or in combination, teach or suggest, as claimed by the applicants, generating an electronic currency to execute buy and sell orders, nor do Braddock, III or Perg et al., alone or in combination, teach or suggest, as claimed by the applicants,

automatically generating buy or sell orders. Stein et al., which is directed to an Internet-based payment system, does not teach or suggest, alone or in combination with any of the other cited art, these missing features. For at least these reasons, none of Braddock, III, Perg et al., and Stein et al., alone or in combination, teach or suggest the invention as claimed by the applicants, and claims 1 and 9 are not obvious thereover. Therefore, claims 1 and 9 are patentable over the cited art. Furthermore, claims 4-7 and 12, which depend either directly or indirectly from claims 1 and 9 and recite additional features therefor, are also patentable.

For at least the reasons stated above, claims 4-7 and 12 are patentable over the cited art. Therefore, the applicants respectfully request that the Examiner withdraw the rejection and allow the claims.

For at least the reasons stated above, claims 1-14 are patentable over the cited references. Therefore, the applicants respectfully request that the Examiner withdraw all of the rejections and allow the claims.

The applicant has added new claims 15-41 to more particularly claim aspects of the invention. None of the cited art, alone or in combination, teaches, as recited in claim 15 of the applicants, utilizing a computerized trading system, buying at least one virtual financial instrument utilizing a fund of virtual currency, which fund of virtual currency is not associated with any user of the computerized trading system. Furthermore, None of the cited art, alone or in combination, teaches, as recited in claim 24 of the applicants, utilizing a computerized trading system, selling at least one virtual financial instrument utilizing a fund of virtual financial instruments, which fund of virtual financial instruments is not associated with any user of the

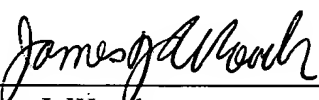
computerized trading system. Furthermore, None of the cited art, alone or in combination, teaches, as recited in claims 28 and 35 of the applicants, utilizing a virtual reserve bank program, adjusting a discount rate applicable to virtual currency of users of a computerized trading system to regulate trading in the virtual financial instruments.

For at least these reasons, claims 15, 24, 28 and 35 are patentable over the cited art. Furthermore, claims 16-23, 25-27, 29-34 and 36-41, which depend either directly or indirectly from and further limit claims 15, 24, 28 and 35, are also patentable over the cited art. Therefore, the applicant respectfully requests that the Examiner allow these new claims.

For all of the above reasons, the applicants respectfully request that the Examiner withdraw all of the rejections, and allowance of all the pending claims is respectfully solicited. To expedite prosecution of this application to allowance, the examiner is invited to call the applicants' undersigned representative to discuss any issues relating to this application.

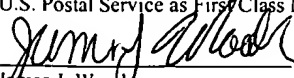
Respectfully submitted,

Dated: March 12, 2001

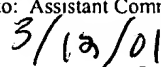


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